"Creating Livable Communities: Housing and Transit Policy in the 21st Century"

Congressional Testimony of
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The purpose of this written testimony is to provide an example of linking transit and land use planning for transit oriented development (TOD) best practices; obstacles to achieving livable communities linked with transit; insight to creating and preserving affordable housing near transit stations; and ideas to better promote integrated land use and transportation planning. The findings presented are based in large part on my practical experience as a former manager of the Transit Oriented Development Program for the City of Denver and from my knowledge of other municipalities working on TOD.

Coordinating policies and resources to support dense, equitable, sustainable communities near transit addresses access to affordable housing and jobs; minimizes trips taken by car; reduces greenhouse gas emissions; lowers costs of public services and infrastructure; and increases quality of life. This is an opportune time – during this period of economic recovery – to effectuate policy changes, strengthen inter-agency working relationships and prioritize funding to support the creation of sustainable, equitable communities in conjunction with transit.

Some of the main assertions in this paper include:

- Fix the disparity in planning requirements for transit versus highway projects that promotes road investments and minimizes most benefits from public transportation;
- Reform the New Starts criteria and costs effectiveness ratings to encourage and provide higher ratings TOD and inclusion of affordable housing;
- Eliminate or lessen the local match requirements for transit as currently required to receive Federal funds;
- Require more integrated decision-making on transit funding and land use during the metropolitan planning organization (MPO) and promote regional collaboration;

- Move federal funding mechanisms past programmatic silos and eliminate the biases embedded in current law that favor some transportation modes over others;
- Provide funding for specific station area supportive infrastructure such as "complete streets" to facilitate private investment and ease costs for affordable housing;
- Increase funding for federal transit projects, broaden programs like TIFIA and explore new, more creative financing mechanisms;
- Increase affordable housing funds such as HOPE VI, CDBG, and technical assistance grants with stronger nexus to transit policy funding; and
- Provide policy and funding to support local governments and non-profits to establish land trusts to preserve and create affordable housing opportunities around transit.

Best Practices in Transit Oriented Development

A Regional TOD Effort: Denver

With the Denver region currently serving as home to 2.5 million people and another 1 million expected to move to the metro area by 2030, improvements in transportation infrastructure are critical to maintaining the quality of life that attracts so many to the area. In November 2004, voters from across the Denver Metropolitan Region passed the FasTracks ballot measure allowing the Regional Transportation District (RTD) to build a regional transit system. This system will augment the four light rail corridors currently in operation. FasTracks is a 12-year comprehensive plan to build and operate high-speed rail lines and expand and improve bus service and park-n-Rides throughout the region. FasTracks components include, 122 miles of new light rail and commuter rail; 18 miles of bus rapid transit service; 57 new transit stations; 21,213 additional parking spaces at transit park-n-Rides and enhanced bus service throughout the region

FasTracks is a $7.1B program funded most significantly by the voter-approved sales tax increase of 0.4 percent (4 pennies on every $10), New Starts funding, local match and a combination of other sources. There was enormous regional political will and public support for the passage of this unprecedented transit build-out. The business community, mayors and elected officials from both sides and many cities and counties came together in a unique partnership to support the ballot measure. The FasTracks ballot measure was embraced by voters based on two arguments:

- the region needs alternative transportation to remain economically competitive, and
- clustering growth around transit stations will create sustainable communities desired by Denver Metro voters.

Subsequent experience with the implementation of FasTracks has revealed the difficulties, even with planning, funding, regulatory tools, and community support in place, to achieve the desired accessible, equitable, dense communities around transit stations. RTD is responsible for planning, building, operating and maintaining the transit system and has a hands-off approach to TOD. Land use planning and redevelopment around the station areas is the responsibility of the local jurisdictions. Most jurisdictions have responded by planning for TOD opportunities around each of the transit stations and promoting the TOD prospects with the development community.

City of Denver TOD Initiative

In 2001, Denver adopted a visionary, integrated land use and transportation plan, Blueprint Denver. Blueprint Denver provides policy guidance to direct growth to "areas of change" that have a transit station, are outdated and industrial, brownfields, or are areas ripe for reinvestment. From the beginning, the City and County of Denver viewed FasTracks as more than a transit system – rather as a means to create great urban plans that provide a range of mixed-income housing types and mixed-use neighborhoods around transit that allow people access to jobs, services and recreation. A private market for such development, with a consumer base and interested developers to deliver this sort of product, exists in the area. A 2005 study by the Center for Transit Oriented Development (CTOD) showed that the demand for housing near transit in the Denver region has been strong and as the transit system grows, that demand will increase. Specifically, the types of households who tend to seek out TOD – singles, couples without children, the elderly, and low-income households – are also the types of households that are projected to grow the most in the region of the next 25 years.

To better leverage the public investment being made in transit, the city established the Denver Transit Oriented Development Initiative. A dedicated team of interdisciplinary staff was assigned to participate on the planning and implementation of TOD for Denver, with a focus on best exploring the opportunities unique to each of the wide variety of existing and future transit stations. In particular, the city sought to address issues around pedestrian connectivity, appropriate infrastructure, streetscaping, ensuring a range of housing types, and land assemblage.

As a first step, the Denver TOD team created a TOD Strategic Plan to serve as a policy document and guide for Denver policy-makers, management and staff to facilitate the harnessing of private market capital in support of the City's long-term goals. The strategic plan provides a definition of

TOD and includes a typology of different station types ranging from an urban neighborhood to a major urban center. The plan also identifies existing tools and resources and the need for new policies and funding sources to support Denver's TOD vision. Key to the a city-wide TOD program was inter-departmental cooperation with eight city departments, RTD, the urban renewal authority, the housing authority and the Mayor's Office. Together the internal stakeholders built a coalition of local Denver stakeholders including elected officials and key constituents; created numerous station area plans; developed public housing redevelopment strategies in collaboration with the Denver Housing Authority; and evaluated and updated parking and zoning practices.

In conjunction with local funding, Denver secured $1.4M in federal funding to produce small area plans at ten existing and future transit stations and one regional market study. Through the community engagement process, the small area plans created a vision for change at each of the station areas – each small area plan included recommendations for: TOD-supportive uses and densities; new zoning to support TOD; infrastructure such as roadway improvements, pedestrian connections, streetscaping and drainage improvements; and implementation plans to realize the community's TOD vision for each station area. In addition to the small area plans, Denver secured $6.86M in construction dollars from a local bond program for TOD infrastructure at four stations.

Obstacles: Denver example

Despite Denver's efforts at planning and public investment, the city has found its goals hard to realize, largely because of the difficulties in coordinating land use and future development. In particular, those station areas that do not have a large assemblage or one primary owner/developer have not seen any significant momentum for redevelopment. At too many stations, land speculation and property owner expectations have set land prices too high for acquisition in the current market (though there is recent indication that prices are coming down). In addition, infrastructure requirements associated with sustainable, walkable communities and "complete streets" – for example, new roadways that include sidewalks and streetscaping, new curbs and gutters for drainage improvements – can be too expensive for a developer to absorb the costs alone, or to be effectively solved by a single property owner.

The transit agency faces challenges to create sustainable TOD. RTD's environmental impact statements are hampered by the New Starts cost effectiveness rating which ranks a large (usually surface) park and ride more favorably than a TOD that successfully combines a transit station with residential, employment and services uses. In addition RTD's focus is on the construction and operation of the transit system, not real estate or community development. Right-of-way acquisitions for the transit corridors are focused explicitly on the transit corridor and station areas and do not account for the social, environmental or economic value that development around a station may provide.

Obstacles: Federal Policy Reform and Funding Mechanisms

The disparity in planning requirements for transit versus highway projects promotes road investments and minimizes most benefits from public transportation. Localities must show that they have adequate resources to fully construct, maintain, and operate new transit facilities, at a high non-federal match; however, none of those conditions apply equally to highway projects. These rules should apply uniformly for highway and transit projects so we can enable planners to make decisions driven by the merits and not differently aligned incentives.

Federal transportation policy does not support or provide incentives for crosscutting functional relationships and planning collaboration. With major population growth projected in many metropolitan areas and congestion already prevalent, managing decisions about meeting mobility needs and quality of life will entail decisions about more than just building more transportation capacity. Similarly, transportation investments are major economic factors, opening up new development area opportunities, creating jobs, impacting personal mobility costs, and influencing productivity. Finally, transportation impacts the environment and climate change, both through the structure of neighborhoods and the reduction of greenhouse gas emissions. In Denver, this means that our transportation decisions are tied to promoting livable urban centers and sustainable development broadly. All of these transportation plans are tied to our zoning decisions centered on transit-oriented development (TOD), building neighborhoods around FasTracks and bus transit stops so that housing, employment, and shopping are all within walking distance. Helpful federal actions to increase cross-cutting functional relationships and planning collaboration ranges from readjusting the cost-effectiveness rating for New Starts projects so that related development and environmental benefits are appropriately considered to promoting affordable housing near transit. Many local political obstacles to jointly planning for transportation, housing, and land use decisions can be overcome through the motivation of new competitive federal funding to implement those decisions.

Transportation planning processes in our metropolitan areas cannot be meaningful if there is little connection between those plans and control of resources to implement them. While the law preserves that MPO's will take the lead in regional transportation planning, federal statute did not establish a funding structure to support that practice. In most metropolitan areas, local officials are not afforded the opportunity to control or substantially influence how the bulk of federal resources are expended in the region. Typical state practice is to determine what share of federal resources are made available to the metropolitan area, and then largely decide or influence what major investments are made. Often, the MPO simply confirms these investments in their plans.

Federal funding mechanisms must move past programmatic silos and eliminate the biases embedded in current law that favor some transportation modes over others. The federal funding system currently follows processes and creates incentives that do not direct resources to the types of transportation solutions that yield the greatest cost-benefit impacts such as increased economic development, high transit ridership, access to housing and jobs. With key transportation legislation under consideration for renewal this year, and a new Federal commitment to high-speed rail, an opportunity exists for stronger collaboration between agencies. The recently announced partnership between the USDOT and HUD secretaries to focus efforts on promoting the construction of housing near public transit to create more affordable and sustainable communities is a positive example of breaking down barriers between departments and fostering greater collaboration.

Funding for key federal transportation programs is challenged by resource constraints. This situation argues for consideration of creative, broader revenue and financing options that allow us to increase our national commitments to transportation infrastructure broadly, not just one mode at a time or in piecemeal fashion. For example, in Denver one specific program relied on for the revitalization of historic Denver Union Station as the regions transit hub is the Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA). This program has been very successful over the past few years in allowing the leveraging of public and private capital to implement innovative infrastructure projects. With the current upheaval in the financial markets a program, such as TIFIA, that allows for a lower-cost of borrowing is critical due to it reducing the need to access the capital markets to fully fund projects. Finally, given that it is an existing program funds could be provided and quickly used to support TOD and livable communities rather than having to create an entirely new program.

A 2006 study from the Center for Housing Policy found that Denver area households earning less than $50,000 spend 59% of their gross income on housing and transportation combined. Controlling these costs in tandem is the most effective means to increasing the disposable incomes of low and moderate income households. A study completed for Enterprise Community Partners in 2007 by Center for Transit Oriented Development found that demand for housing near transit will triple by 2030 to 155,000 units. 40% of the demand for this housing will come from low-income households.

In Denver, the affordable housing community, CDCs, Enterprise Community Partners and the Urban Land Conservancy (ULC) are keenly aware of the prospects and possible lost opportunities for sustainable TOD. Because of the rise of land speculation and a fear of losing valuable community assets, the ULC has acquired at least two properties near transit stations to hold in anticipation of market changes to create permanent affordable housing. In addition, the City of Denver, ULC and Enterprise have an innovative response for affordable housing inclusion. Together they are working to establish a $15 million TOD acquisition fund with the objective to create or preserve 1,200 affordable units at transit stations or along high capacity transit corridors. The fund is supported by local and national foundations, housing and finance agencies, and community development financial institutions. This innovative response can be taken to a regional scale, as our Mayor envisions, with the support of the federal government.

Local policy for inclusionary zoning often falls short in terms of requiring affordable housing and environmental sustainability goals within TODs. New Starts reform should incentivize the coordination of these goals and use the work in the Bay Area – allocating new transit funds to local communities delivering transit supportive land use actions and affordable housing goals – as a model.

Thank you very much for this opportunity.

The views expressed in this testimony are those of the author alone and do not necessarily represent those of the staff or administration at the City and County of Denver.